# Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of:	)	
Frontier, A Citizens Communications Company Petition for Special Relief	)	CSR-6233-A
Tellion for special rener	)	
KVMD Licensee Co., LLC	j	CCD (207.14
Complaint for Carriage	)	CSR-6205-M
	)	

## MEMORANDUM OPINION AND ORDER

Adopted: November 10, 2003 Released: November 14, 2003

By the Deputy Chief, Policy Division, Media Bureau:

## I. INTRODUCTION

- 1. KVMD Licensee Co., LLC ("KVMD" or "Station"), permittee of Station KVMD-DT, Twentynine Palms, California (Ch. 23-Ind.), has filed a Complaint against Frontier, A Citizens Communications Company ("Frontier"), because of the cable operator's refusal to carry the station's digital television signal on its cable system. Frontier filed an Opposition to the Complaint and KVMD filed a Reply.
- 2. Frontier filed a Petition, pursuant to Section 76.7 of the Commission's rules and Section 614(h) of the Communications Act ("Act"), seeking to exclude a certain cable community from KVMD's market so that it would be under no obligation to carry the Station's signal on its cable system. KVMD filed an Opposition to the Petition and Frontier filed a Reply. We jointly consider the Complaint and the Petition because they are interrelated.

# II. BACKGROUND

3. Pursuant to Section 614 of the Act and the rules adopted by the Commission in *Implementation of the Cable Television Consumer Protection and Competition Act of 1992, Broadcast Signal Carriage Issues ("Must Carry Order")*, commercial television broadcast stations are entitled to assert mandatory carriage rights on cable systems located within the station's market.<sup>3</sup> A station's market

<sup>&</sup>lt;sup>1</sup> 47 U.S.C. § 614(h)(1)(c).

<sup>&</sup>lt;sup>2</sup> The cable community at issue is Needles, California.

<sup>&</sup>lt;sup>3</sup>8 FCC Rcd 2965, 2976-2977 (1993).

for this purpose is its "designated market area," or DMA, as defined by Nielsen Media Research.<sup>4</sup> A DMA is a geographic market designation that defines each television market exclusive of others, based on measured viewing patterns. Each county in the United States is assigned to a market based on which home-market stations receive a preponderance of total viewing hours in the county. For purposes of this calculation, both over-the-air and cable television viewing are included.<sup>5</sup>

4. Under the Act, however, the Commission is directed to consider changes in market areas. Section 614(h)(1)(C) provides that the Commission may:

... with respect to a particular television broadcast station, include additional communities within its television market or exclude communities from such station's television market to better effectuate the purposes of this section.<sup>6</sup>

In considering such requests, the 1992 Cable Act provides that:

- $\dots$  the Commission shall afford particular attention to the value of localism by taking into account such factors as -
- (I) whether the station, or other stations located in the same area, have been historically carried on the cable system or systems within such community;
- (II) whether the television station provides coverage or other local service to such community;
- (III) whether any other television station that is eligible to be carried by a cable system in such community in fulfillment of the requirements of this section provides news coverage of issues of concern to such community or provides carriage or coverage of sporting and other events of interest to the community;
- (IV) evidence of viewing patterns in cable and noncable households within the areas served by the cable system or systems in such community.<sup>7</sup>

The legislative history of the provision states that:

where the presumption in favor of [DMA] carriage would result in cable subscribers losing access to local stations because they are outside the

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<sup>&</sup>lt;sup>4</sup>Section 614(h)(1)(C) of the Communications Act, as amended by the Telecommunications Act of 1996, provides that a station's market shall be determined by the Commission by regulation or order using, where available, commercial publications which delineate television markets based on viewing patterns. See 47 U.S.C. §534(h)(1)(C). Section 76.55(e) requires that a commercial broadcast television station's market be defined by Nielsen Media Research's DMAs. 47 C.F.R. § 76.55(e); see Definition of Markets for Purposes of the Cable Television Broadcast Signal Carriage Rules, 14 FCC Rcd 8366 (1999)("Modification Final Report and Order").

<sup>&</sup>lt;sup>5</sup>For a more complete description of how counties are allocated, *see* Nielsen Media Research's *Nielsen Station Index: Methodology Techniques and Data Interpretation.* 

<sup>&</sup>lt;sup>6</sup>47 U.S.C. § 534(h)(1)(C).

 $<sup>^{7}</sup>Id$ .

[DMA] in which a local cable system operates, the FCC may make an adjustment to include or exclude particular communities from a television station's market consistent with Congress' objective to ensure that television stations be carried in the area in which they serve and which form their economic market.

\* \* \* \*

[This subsection] establishes certain criteria which the Commission shall consider in acting on requests to modify the geographic area in which stations have signal carriage rights. These factors are not intended to be exclusive, but may be used to demonstrate that a community is part of a particular station's market.<sup>8</sup>

In adopting rules to implement this provision, the Commission indicated that requested changes should be considered on a community-by-community basis rather than on a county-by-county basis, and that they should be treated as specific to particular stations rather than applicable in common to all stations in the market.<sup>9</sup>

- 5. In the *Market Modification Final Report and Order*, the Commission, in an effort to promote administrative efficiency, adopted a standardized evidence approach for modification petitions that requires the following evidence be submitted:
  - (A) A map or maps illustrating the relevant community locations and geographic features, station transmitter sites, cable system headend locations, terrain features that would affect station reception, mileage between the community and the television station transmitter site, transportation routes and any other evidence contributing to the scope of the market.
  - (B) Grade B contour maps delineating the station's technical service area and showing the location of the cable system headends and communities in relating to the service areas.

Note: Service area maps using Longley-Rice (version 1.2.2) propagation curves may also be included to support a technical service exhibit.<sup>10</sup>

- (C) Available data on shopping and labor patterns in the local market.
- (D) Television station programming information derived from station

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<sup>&</sup>lt;sup>8</sup>H.R. Rep. 102-628, 102d Cong., 2d Sess. 97 (1992).

<sup>&</sup>lt;sup>9</sup>Must Carry Order, 8 FCC Rcd at 2977 n.139.

<sup>&</sup>lt;sup>10</sup>The Longley-Rice model provides a more accurate representation of a station's technical coverage area because it takes into account such factors as mountains and valleys that are not specifically reflected in a traditional Grade B contour analysis. In situations involving mountainous terrain or other unusual geographical features, Longley-Rice propagation studies can aid in determining whether or not a television station actually provides local service to a community under factor two of the market modification test.

logs or the local edition of the television guide.

- (E) Cable system channel line-up cards or other exhibits establishing historic carriage, such as television guide listings.
- (F) Published audience data for the relevant station showing its average all day audience (i.e., the reported audience averaged over Sunday-Saturday, 7 a.m., or an equivalent time period) for both cable and noncable households or other specific audience indicia, such as station advertising and sales data or viewer contribution records.<sup>11</sup>

Petitions for special relief to modify television markets that do not include the above evidence shall be dismissed without prejudice and may be refiled at a later date with the appropriate filing fee. The *Market Modification Final Report and Order* provides that parties may continue to submit whatever additional evidence they deem appropriate and relevant.

In Carriage of Digital Television Broadcast Signals ("DTV Must Carry Report and Order"), the Commission concluded that under Section 614(a) of the Act, a digital-only television station has mandatory carriage rights, and amended the rules accordingly. 12 The Commission has established a framework for analyzing market modifications for digital television stations.<sup>13</sup> The Commission stated that Nielsen's market designations, publications, and assignments for the analog television market should continue to be binding on broadcast stations transitioning to digital television broadcasting. The presumption is that the market of the station's digital signal is coterminous with the station's market area for its analog signal during the transition period. <sup>14</sup> The Commission also found that the statutory factors in Section 614(h), the current process for requesting market modifications, and the evidence needed to support such petitions, will be applicable to digital television modification petitions during the transition period when television stations broadcast both an analog signal and a digital signal.<sup>15</sup> The Commission recognized that the technical coverage area of a digital television signal may not exactly replicate the technical coverage area of the analog television signal. Therefore, in deciding DTV market modification cases, the Commission stated that it would take into consideration changes in signal strength and technical coverage because of new digital television channel assignments and power limits. It concluded that all other matters concerning the modification process for digital television signals will be decided on a case-

<sup>&</sup>lt;sup>11</sup>47 C.F.R. § 76.59(b).

<sup>&</sup>lt;sup>12</sup>See 16 FCC Rcd 2598, 2606 (2001); 47 C.F.R. § 76.64(f)(4). The Commission has held that a television station may elect to have its digital signal carried in an analog format by local cable systems. The Commission concluded that for purposes of supporting the conversion to digital signals and facilitating the return of the analog spectrum, a television station may demand that one of its high definition digital ("HDTV") or standard definition digital ("SDTV") television signals be carried on the cable system for delivery to subscribers in an analog format. *DTV Must Carry Report and Order*, 16 FCC Rcd at 2630.

<sup>&</sup>lt;sup>13</sup>See id. at 2635-36.

<sup>&</sup>lt;sup>14</sup>We note that in adopting technical rules for the digital transmission of broadcast signals, the Commission attempted to insure that a station's digital over-the-air coverage area would replicate as closely as possible its current over-the-air analog coverage area. *See Sixth DTV Report and Order*, 12 FCC Rcd 14588, 14605 (1997).

<sup>&</sup>lt;sup>15</sup>See DTV Must Carry Report and Order, 16 FCC Rcd at 2636.

by-case basis.16

#### III. **DISCUSSION**

- 7. KVMD states that it is an authorized full service digital UHF station whose city of license is Twentynine Palms, California, a community located in San Bernadino County, California.<sup>17</sup> KVMD further states that its DTV facility is authorized to broadcast on Channel 23 and commenced operations, pursuant to special temporary authority, on July 29, 2002. KVMD adds that on June 1, 2003, it discontinued analog operations, and commenced digital-only operations, pursuant to Commission authorization.<sup>18</sup> KVMD states that the Station and Frontier's cable system are both located in the Los Angeles DMA. KVMD states that by certified letter dated May 5, 2003, it elected and sought mandatory carriage on Frontier's cable system. On July 2, 2003, KVMD filed its must carry complaint against Frontier. On August 15, 2003, Frontier filed a Petition for Special Relief seeking modification of KVMD's market. 19 Frontier's market modification arguments are set forth below.
- History of Carriage. Frontier asserts that KVMD's digital signal has no history of carriage on its cable systems.<sup>20</sup> Frontier notes that KVMD's analog signal also did not have a history of carriage. Frontier asserts that KVMD, in either its analog or digital mode, has been historically unable to deliver a signal of requisite quality to the cable system.<sup>21</sup> Frontier also asserts that no cable system located in proximity to its system has carried, or is carrying, KVMD's analog or digital television signal. In its response, KVMD asserts that it has not had an opportunity to build a history of cable carriage because it is a new digital-only station that commenced operations in June 2003.<sup>22</sup> The Station asserts that Adelphia Communications and Charter Communications have "understandings" with KVMD to carry its signal on their respective cable systems in the Los Angeles DMA.<sup>23</sup> According to KVMD, Adelphia and Charter serve communities close in geographic proximity to Frontier's cable system.<sup>24</sup> In reply, Frontier argues that neither the number of previous owners of a television station, nor the length of time under current ownership, can change the fact that the Station has not been historically carried on the system or any nearby cable system.<sup>25</sup>
  - 9. Local Service. Frontier asserts that KVMD fails to provide any coverage or local service

 $<sup>^{16}</sup>Id$ 

<sup>&</sup>lt;sup>17</sup>Twentynine Palms is on the eastern edge of the Los Angeles DMA.

<sup>&</sup>lt;sup>18</sup> KVMD Must Carry Complaint at 2, citing KVMD(TV), Twentynine Palms, CA, DA 03-1481 (rel. May 1, 2003).

<sup>&</sup>lt;sup>19</sup> In Frontier's Opposition to KVMD's must carry complaint, the operator argues that the Station failed to serve Frontier or the City of Needles with a copy of its complaint. As we grant Frontier's petition, we need not address whether KVMD's complaint was procedurally defective.

<sup>&</sup>lt;sup>20</sup> Petition at 3.

<sup>&</sup>lt;sup>21</sup> *Id.* at 4.

<sup>&</sup>lt;sup>22</sup> Opposition at 6.

<sup>&</sup>lt;sup>23</sup> *Id.* at 6-7.

<sup>&</sup>lt;sup>24</sup> KVMD asserts that Adelphia currently carries the Station on ten of its systems in southern California *Id.* at n.7 and Exhibit C.

<sup>&</sup>lt;sup>25</sup> Reply at 3.

to Needles, which is on the eastern edge of the Los Angeles DMA and the State of California. Frontier provides evidence showing that Twentynine Palms is 95 miles from the cable headend and the Station's transmitter, located in Joshua Tree, is over 137 miles from the headend. Frontier asserts that mountains and deserts separate the Station from the cable system. Frontier additionally asserts that, because of the geographic distance involved, there are no economic, shopping, or labor connections between KVMD and Needles. Frontier also asserts, based on engineering studies it has conducted, that KVMD does not provide noise free 41 dBu contour coverage to Needles. Frontier asserts that the Station's coverage perimeter falls short of Needles by nearly 56 miles.

- 10. In response, KVMD concedes that the Station fails to place a digital service contour over the cable communities and that the Station is far from Needles.<sup>30</sup> KVMD states, however, that its commitment to deliver its signal to Frontier via satellite ensures delivery of a good quality signal to the cable headend, regardless of signal strength and/or distance issues.<sup>31</sup> KVMD urges the Commission to replace contour and distance standards with a good quality signal rule. According to KVMD, if a digital station is able to deliver a good quality signal to the cable operator's headend by any means, it should qualify for carriage.<sup>32</sup> KVMD adds that analog-based contour and distance concepts are poorly suited to the propagation of digital signals which are subject to the "cliff effect."<sup>33</sup> Frontier states that KVMD does not dispute that it is distant from the cable community and that its digital coverage area does not encompass Needles. Frontier asserts that KVMD has much more in common, at least as far as geography and service area, with Palm Springs and nearby Palm Springs DMA communities than with distant Needles.<sup>34</sup> Frontier suggests that KVMD could consider adding Palm Springs to its market area to make up for the loss of Needles.<sup>35</sup>
- 11. Frontier asserts that KVMD does not provide any local programming of interest to Needles; instead, the Station provides paid programming and some general interest programming, none of it related specifically to Needles.<sup>36</sup> KVMD counters that its programming has a distinct nexus to the cable communities at issue. It asserts that it carries a substantial amount of programming about horses and that there are many horse enthusiasts throughout the Los Angeles DMA.<sup>37</sup> KVMD also states that it carries

<sup>&</sup>lt;sup>26</sup> Petition at 5.

<sup>&</sup>lt;sup>27</sup> *Id.* at 7-8.

<sup>&</sup>lt;sup>28</sup> *Id.* at 15.

<sup>&</sup>lt;sup>29</sup> *Id.* and Exhibit D.

<sup>&</sup>lt;sup>30</sup> Opposition to Petition for Special Relief at 8.

 $<sup>^{31}</sup>$  Id

<sup>&</sup>lt;sup>32</sup> *Id.* at 10.

<sup>&</sup>lt;sup>33</sup> *Id.* at 11. The Commission has explained the cliff effect in its *DTV Must Carry Report and Order*. If a digital signal is received, a good quality picture can be constructed at the television receiver; however, once the signal falls below a minimum signal threshold, no picture can be reconstructed or displayed by the television receiver. *See* 16 FCC Rcd at 2617 n.131.

<sup>&</sup>lt;sup>34</sup> Reply at 14.

<sup>&</sup>lt;sup>35</sup> *Id*.

<sup>&</sup>lt;sup>36</sup> Petition at 9.

<sup>&</sup>lt;sup>37</sup> Opposition to Petition for Special Relief at 10.

informational and "inspirational" local programming such as "Working Wardrobe," local sports programming, such as high school football games, and some programming directed at minorities.<sup>38</sup> KVMD adds that it expects to launch a new locally produced news program directed at viewers in San Bernadino, Riverside, Orange, and Los Angeles Counties. Frontier argues that KVMD's attempts to focus on its generic ethnic and non-ethnic programming, without establishing a specific connection between such programming and Frontier's cable community, is irrelevant, especially given the evidence that there is no connection between the Station and Needles.<sup>39</sup>

- 12. **Carriage of other local television stations.** Frontier asserts that it carries other television stations that cover news, sporting events, and issues of concern to the cable community. Frontier asserts that these stations, from Phoenix and Las Vegas, have a closer nexus to Needles because they provide distinct local programming. KVMD argues that Frontier has made no showing that it currently carries any broadcast television station that offers the unique programming it provides or that promises to deliver the local news and community interest stories that it plans to offer in the future. KVMD also asserts that Frontier fails to offer its subscribers a choice of local California stations covering issues important to California residents. In reply, Frontier argues that KVMD has not refuted Frontier's showing that the Station does not provide local service to Needles, and that numerous other stations do.
- 13. **Viewing patterns.** Frontier asserts that KVMD has no measurable viewership in the Needles area. Frontier also asserts that KVMD is not listed in the television section of the local newspaper or the TV Guide available to Frontier subscribers. KVMD argues that it should be treated as a new station for market modification purposes because it is under new ownership and because it is a new digital-only station. Based on these facts, KVMD states that viewership levels should not be accorded substantial weight in this proceeding. Frontier argues that just because a station is new or of specialized appeal does not mean that its logical market area is without limits. Frontier further argues that the viewership factor directly applies to KVMD since distance and geography attenuate the local ties the Station might have to the cable community and help explain why the Station's viewership is too low to be reported.
- 14. **Other factors.** KVMD argues that full market cable carriage of digital stations is necessary to spur consumer interest and participation in the digital television transition.<sup>49</sup> Frontier argues

<sup>39</sup> Reply at 21-22.

44 Reply at 25.

<sup>&</sup>lt;sup>38</sup> *Id.* at 11-12.

<sup>&</sup>lt;sup>40</sup> Petition at 11.

<sup>&</sup>lt;sup>41</sup> *Id.* at 12. Frontier notes that the majority of broadcast stations it carriers are from either the Phoenix or Las Vegas DMAs.

<sup>&</sup>lt;sup>42</sup> Opposition to Petition for Special Relief at 15.

<sup>&</sup>lt;sup>43</sup> *Id.* at 16.

<sup>&</sup>lt;sup>45</sup> Petition at 13.

<sup>&</sup>lt;sup>46</sup> Opposition to Petition for Special Relief at 17.

<sup>&</sup>lt;sup>47</sup> Reply at 25.

<sup>&</sup>lt;sup>48</sup> *Id.* at 26.

<sup>&</sup>lt;sup>49</sup> Opposition to Petition for Special Relief at 20.

that the Commission's adoption of the Station's full market carriage proposal would be contrary to Section 614(h), established Commission policy, and market modification precedent.<sup>50</sup> Frontier states that unless and until such time as KVMD persuades Congress to modify the Act and exclude digital stations from the market modification process, the Commission is bound by such process. Frontier additionally states that while KVMD makes these policy arguments to promote the digital transition, the Station has been operating at reduced power, proposing satellite delivery instead.<sup>51</sup>

- 15. Section 614(h)(1)(C) of the Communications Act authorizes the Commission to include or exclude particular communities from a television station's market for the purpose of ensuring that a television station is carried in the areas which it serves and which form its economic market.<sup>52</sup> Section 614(h)(1)(C)(i) specifically and unambiguously directs the Commission, in considering requests for market modification, to afford particular attention to the value of localism by taking such matters into account.<sup>53</sup> These principles apply to all television stations without regard to the mode in which the station broadcasts. KVMD urges us to adopt a new paradigm for market modification cases involving digital television stations. It asks us to abandon precedent and order a cable operator to carry a digital television signal if a subject television station promises to provide a good quality signal to the cable system's principal headend. KVMD's proposal is directly contrary to Section 614(h). As Frontier argues, the broadcast signal carriage rules were not intended to transform a station, either analog or digital, with a restricted service area into a regional superstation that must be carried in every single community in a DMA.<sup>54</sup> If this were the case, then Congress would not have explicitly permitted cable operators to filed market modification petitions under Section 614(h) of the Act.
- 16. Furthermore, the Commission has found that the statutory factors in Section 614(h), the current process for requesting market modifications, and the evidence needed to support such petitions, are applicable to digital television modification proceedings during the transition period.<sup>55</sup> KVMD's proposal ignores the directives the Commission established over two years ago. KVMD did not petition the Commission to reconsider its conclusions on the application of Section 614(h) to digital television stations. It is inappropriate for KVMD to attempt to do so here, or in other market modification proceedings.
- 17. Frontier has presented evidence in the record to support its request. In this matter, KVMD has no history of carriage and no discernable viewership in the community at issue. The record evidence also indicates that KVMD's analog signal, when it was broadcasting, was not carried and did not have viewership in the cable communities. Adelphia does carry KVMD on ten of its systems, but none are near Frontier's system. Moreover, the Station has been carried for only a short period of time and the circumstances under which Adelphia agreed to carry KVMD are unknown. In addition, although KVMD claims to have carriage "understandings" in place with Charter, this operator is not carrying the station's signal and there is no clear indication in the record as to when, where, or under which circumstances such carriage would commence. As for KVMD's request that we treat it as a new station for the purpose of our analysis, we find that such a designation is inconsequential under the circumstances given the lack of

<sup>&</sup>lt;sup>50</sup> Reply at 9.

<sup>&</sup>lt;sup>51</sup> *Id.* at 29.

<sup>&</sup>lt;sup>52</sup>47 U.S.C. § 534(h)(1)(C).

<sup>&</sup>lt;sup>53</sup>47 U.S.C. § 534(h)(1)(C)(i).

<sup>&</sup>lt;sup>54</sup> Reply at 12.

<sup>&</sup>lt;sup>55</sup>See DTV Must Carry Report and Order, 16 FCC Rcd at 2636.

a local nexus between the Station and the cable community.

With regard to the local service factor, we find that KVMD is distant from the community, its digital coverage area falls far short of the cable community, and the Station is separated from the community by geographical features. KVMD has also failed to rebut Frontier's showing with sufficient evidence that its programming has a distinct nexus to Needles. Moreover, although the Station has indicated that it plans to provide locally oriented programming in the future, we cannot base our decision on future programming predictions. Frontier has shown, however, that there are numerous local television stations that it currently carries that provide specific programming of interest to the cable community.<sup>56</sup> It is irrelevant that these stations are not located in the Los Angeles DMA because they nevertheless provide local content to Frontier's subscribers. In conclusion, relying on case precedent for analog television station market modifications, the grant of Frontier's market modification request would effectuate the purposes of Section 614(h) of the Act. Because we find that KVMD is not local for mandatory carriage purposes, its must carry complaint is dismissed as moot.

### IV. **ORDERING CLAUSES**

- Accordingly, IT IS ORDERED that the must carry complaint filed by KVMD Licensee Co., LLC against Frontier, a Citizens Communications Company, IS DISMISSED.
- IT IS FURTHER ORDERED that the petition for special relief to modify the television market of Station KVMD-DT filed by Frontier, A Citizens Communications Company, IS GRANTED.
- These actions are taken pursuant to delegated authority pursuant to Section 0.283 of the 21. Commission's rules.57

FEDERAL COMMUNICATIONS COMMISSION

Steven A. Broeckaert Deputy Chief, Policy Division Media Bureau

<sup>&</sup>lt;sup>56</sup> See Petition at 14.

<sup>&</sup>lt;sup>57</sup> 47 C.F.R. § 0.283.